(b) if so, what steps have been taken by Government to give effect to SAFTA;

(c) how far the imports and exports are likely to increase/decrease under SAFTA regime; and

(d) how far this will help to improve economy and trade in the least developed regions, *i.e.* Orissa, Bihar and Jharkhand?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) The Agreement on South Asian Free Trade Area (SAFTA) which was signed during the 12th SAARC Summit in January 2004 was scheduled to come into effect from 1 "January 2006. A Committee of Experts (COE) consisting of representatives of all Members States (India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka) have already completed negotiations on the outstanding issues and made recommendations in December 2005. The outstanding issues included (1) SAFTA Rules of Origin, (2) Sensitive Lists, (3) Mechanism for Compensations of Revenue Loss (MCRL) for Least Developed Contracting States (LDCs) and (4) Technical Assistance to LDCs in agreed areas the SAARC Secretariat would issue necessary notification after all Member States convey ratification and instruments of ratification to the SAARC Secretariat.

(b) Government of India has already ratified the Agreement and the instruments of ratification are being communicated to the SAARC Secretariat shortly.

(c) and (d) The implementation of SAFTA, is expected to boost intra-SAARC trade as well as India's trade with SAARC countries significantly to the overall benefit of the country. The extent of increase in our trade with SAARC countries and the resultant benefits in this regard to any particular region of the country cannot be quantified at this stage.

**Identification of industrially backward districts**

t324. SHRI KRIPAL PARMAR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have identified industrial backward areas;

(b) if so, the State-wise details thereof;

†Original notice of the question was received in Hindi.

(c) whether Government propose to formulate any national action plan for the development of such backward areas;

(d) if so, the details thereof; and

(e) what steps are being taken by Government for development of backward districts of the country under new liberalization policy?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) Yes, Sir. For purposes of income tax concessions, the Ministry of Finance has notified a list of industrially backward districts. The state-wise list of such districts is given in the enclosed Statement-I *(See* below)

(c) to (e) Through various concessions announced by State and Central Governments from time to time, a concerted effort is made for the development of backward areas. Details of such schemes are indicated in the enclosed Statement-I I (See below).

The Industrial Policy Statement of 1991 emphasizes the intent of the Government to industrialize the backward areas of the country through promotion of industrial infrastructure and creating a conducive investment climate for industries. The Union Government is supplementing the efforts of State Governments through several policies and programmes. Fiscal concessions are available to industries in notified backward areas and tax holidays are being given to promote model industrial parks as well as growth centres.

A Growth Centre Scheme and the Integrated Infrastructure Development Scheme are being implemented by the Central Government throughout the country. For the hilly and remote areas, a transport subsidy scheme is being operated. For promoting industrialization in Special Category States, *Viz.* Jammu & Kashmir, Sikkim, Uttranchal, Himachal Pradesh and the North Eastern States, the Central Government has extended financial and fiscal incentives and initiated many other measures of assistance.

***Statement-I***

*Identification of industrially backward districts*

*List of Category A & Category B Backward Districts in each State for purposes of deduction under section 80-IB(5) of the IT. Act.*

| Category A | | Category B |
|---|---|---|
| | Andhra Pradesh | |
| Nil | Bihar | Srikakulam |
| | | Mahbubnagar |
| Araria | | Katiyar |
| Madhepura | | Bhagalpur |
| Khagaria | | Gopalganj |
| Kishanganj | | Darbhanga |
| Madhubani | | West Champaran |
| Jehanabad | | Saran |
| Saharsa | | Bhojpur |
| Nawadah | | Samastipur |
| Sitamarhi | | Nalanda |
| Aurangabad | | Gaya |
| East Champaran | | Mazaffarpur |
| Purnia | | Rohtas |
| Siwan | | |
| Vaishali | Jharkhand | |
| Godda | | Deoghar |
| Gumla | | |
| Dumka | | |
| Palamau | | |
| Sahibganj | | |
| Lohardagga | Gujarat | |
| The Dangs | Karnataka | Banaskantha |
| | | Sabarkantha |
| Nil | | Bidar |

| Category A | | Category B |
|---|---|---|
| | Kerala | |
| Wayanad | | Nil |
| Idukki | Madhya Pradesh | |
| Mandla | | Seoni |
| Panna | | Tikamgarh |
| Chattarpur | Chattisgarh | Shivpuri |
| | | Balaghat |
| | | Jhabua |
| | | Sidhi |
| | | Vidisha |
| | | Morena |
| | | BetuI |
| | | Rajgarh |
| | | Sagar |
| Bastar | | Raigarh |
| Sarguja | Maharashtra | Ranjnandgaon |
| Gadchiroli | Orissa | Beed |
| Phulbani | | Bolangir |
| Kalahandi | Rajasthan | Mayurbhanj |
| | | Balasori |
| | | Ganjam |
| Jatore | | Dungarpur |
| Barmer | | Dholpur |
| Jaisalmer | | Sawai Madhopur |
| Churu | | Tonk |
| Banswara | Uttar Pradesh | Nagaur |
| | | Jhalawar |
| | | Sikar |
| Sidharthnagar | | Hardoi |
| Bahraich | | Lalitpur |

| Category A | Category B |
|---|---|
| Pratapgarh | Hamirpur |
| Maharajganj | Badaun |
| Banda | Fatehpur |
| Basti | Azamgarh |
| | Etah |
| | Barabanki |
| | Etawah |
| | Deorio |
| | Ghazipur |
| | Ballia |
| | Jaunpur |
| | Sitapur |
| | Jalaun |
| | Unnao |
| | Faizabad |
| | Kanpur Dehat |
| | Mainpuri |
| | Gonda |
| | Farukhabad |
| | Sultanpur |
| | Mirzapur |
| | Mau |
| **Uttaranchal** | |
| Chamoli | |
| Uttarkashi | |
| Almora | |
| Pithoragarh | |
| Tehri Garhwal | |
| **West Bengal** | |
| Malda | Purulia |
| West Dinajpur (Split into Uttar | Birdhum |
| Dinajpur and Dakshin Dinajpur) | |
| Murshidabad | Midnapur |
| Cooch Behar | |
| Bankura | |
| Jalpaiguri | |

***Statement**-ll*

*Identification of Industrially Backward Districts*

Schemes/Incentives for development of industrially backward areas:

(A) Income Tax Concessions

(1) Section 80-IC of the Income-Tax Act provides fiscal incentives to certain special category states including the North-Eastern States. As per this provision a new industrial undertaking set up on or after the 24th of December 1997 but before 1.4.2007 or an existing undertaking which undertakes substantial expansion during this period and which is located in certain notified areas is eligible for 100% income-tax exemption for a period of 10 assessment years. A similar deduction is available for all new undertakings or existing undertakings which undertake susbstantial expansion and which are engaged in specified thrust sector activities.

(2) Tax incentives are also available to industries set up on or before 31.3.2004 in the backward districts of the country. While industries in Category A backward districts are eligible for 100% deduction for 5 years followed by 25% (30% in the case of companies) for the next 5 years, industries in Category B backward districts are eliglible for 100% deduction for 3 years followed by 25% (30% in the case of companies) for the next 5 years.

(B) Growth Centre Scheme

With a view to promote industrialization of backward areas in the country, the Government of India, in June, 1988, had announced the Growth Centre Scheme which became operational form 1991 under which 71 Growth Centres were proposed to be set up throughout the country with basic infrastructure facilities such as power, water, telecommunications and banking to enable them to attract industries. These have been allocated amongst States on the basis of a combined criteria of area, population and extent of industrial backwardness. All the Seventy One Growth centres have been sanctioned by the Government of India.

The Central Government assists the State Governments by contributing upto Rs.10 crores by way of equity for each growth centre. The balance funds are to be raised by the State Governments and their agencies who

implement the projects. The amount of Central assistance has been increased to Rs.15 crores for each growth centre in the North-Eastern Region including Sikkim and Himachal Pradesh, Uttranchal, Jammu & Kashmir.

(C) Transport Subsidy Scheme

This Scheme was introduced in July, 1971 to promote industries in hilly, remote and inaccessible areas. The scheme is applicable to the States of Himachal Pradesh, Jammu & Kashmir, the North Eastern States, Sikkim, Union Territories of Andaman & Nicobar Islands and Lakshadweep,Darjeeling district of West Bengal and in specified districts of Uttranchal. Under the Scheme, subsidy ranging form 50%—90% is admissible on transport incurred on movement of raw materials and finished goods from designated rail heads/ports up to the location of the industrial units and vice-versa for a period of five years from the date of commencement of commercial production. The scheme has been extended up to 31.3.2009.

The benefits under the aforesaid Schemes are available to the States of Jammu & Kashmir also. In Uttranchal and Himachal Pradesh, the subsidy benefit is available under Transport Susbsidy Scheme and Comprehensive Insurance Scheme.

(D) Three schemes for accelerating industrialization in the North-Eastern region, Jammu & Kashmir, Uttaranchal and Himachal Pradesh

(1) Capital Investment Subsidy Scheme

Under this scheme, a subsidy @ 15% of the investment in plant and machinery subject to maximum of Rs.30 lakh would be admissible to industries located in the growth centres and to new industrial units and/or their substantial expansion in other identified areas in the North East Region.

(2) Central Interest Subsidy Scheme

The Scheme provides Interest subsidy @ 3% on the working capital loan to eligible industrial units in the North Eastern Region for a period of ten years after the units goes into production.

(3) Comprehensive Insurance Scheme

This Scheme envisages insurance benefits of 100% premium to all eligible industrial units set up in the North Eastern Region after 24th December, 1997. The insured party shall pay initial premium which shall be reimbursed by the nodal insurance company out of a revolving fund maintained by the company. Funds for this revolving fund shall be contributed by the Department of Industrial Policy & Promotion. The Scheme will remain effective for **a** period of 10 years i.e. up to 13.7.2009.

(E) Integrated Infrastructure Development Scheme (IID) of M/o Small Scale Industries

The office of the Development Commissioner (Small Scale Industries), Ministry of Small Scale Industries is also implementing the Integrated Infrastructure Development Scheme(IID) for development of backward areas.

The scheme, introduced in 1994, envisages to develop infrastructure facilitites for small industries to facilitate location of industries in rural/ backward areas. The central Government and Small Industries Development Bank of India Contribute of each IID Centres Rs.5 crore in the ratio of 2:3 and the cost in excess thereof and the cost of land is met by the concerned State Government.

For the North Eastern States, the funding pattern (sharing of funds) has been changed from 2:3 between Government of India and SIDBI/Financial Institutions to 4:1.

(F) In addition to above, the Development Commissioner (Small Scale Industries), Ministry of Small Scale Industries is also implementing following Schemes/Programmes for the benefits of SSI sector in addition to Integrated Infrastructure Development Scheme (IIDS) uniformly throughout the country

1. Tool Rooms provide training facilities in the field of tool design, dye making etc.

2. Central Footwear Training Institutes impart training on shoe design and related matters through CAD/CAM.

3. Process-cum product Development Centres at Meerut, Agra & Kanauj provides training and undertake product development.

4. Under Small Industry Cluster Development Programme, clusters of small-scale industries are taken up for technology upgradation and other overall development.

5. ISO-9000/14001 Certification Reimbursement Scheme provides reimbursement upto Rs. 75,000/- or 75% of the cost, whichever is more incurred by the units for obtaining requisite certification from the competent authority.

6. Regional Testing Centres and Field Testing Stations provide testing facilites for BIS Standard of products.

7. The Marketing Development Assistance Scheme has been launched to introduce appropriate packaging and bar coding of products.

8. Credit Guarantee Trust Fund has been set up to provide guarantee for collateral free credit facilities upto Rs.25 lakhs.

9. Credit Linked Capital Subsidy Scheme provides 12% of capital subsidy (to a maximum of Rs. 4.8 lakhs) for upgradation of technology.

**Indo-Pak trade**

325. SHRI B.J. PANDA: Will the Minister of COMMERCE & INDUSTRY be pleased to state:

(a) whether it is a fact that Indo-Pak trade has grown at an impressive rate during 2005;

(b) if so, the details thereof;

(c) whether India and Pakistan together propose to develop strong manufacturing bases; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) Yes Sir.

(b) As per the available data, the bilateral trade during April-November 2005 during 2005-2006 has shown a positive growth of 18% over the same period during 2004-2005. The details are given below